

**HOUSING AUTHORITY OF
THE TOWN OF HOMER
Homer, Louisiana**

**Basic Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
June 30, 2006
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-31-07

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As of and for the Year Ended
June 30, 2006
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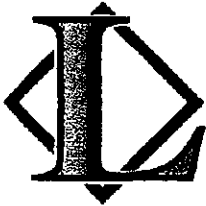
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HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Basic Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
June 30, 2006
With Supplemental Information Schedules

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LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' Report

To the Board of Commissioners
Housing Authority of the Town of Homer
Homer, Louisiana

We have audited the accompanying financial statements of the business-type activities and each major fund of the Housing Authority of the Town of Homer as of and for the year ended June 30, 2006, which collectively comprise the Housing Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Housing Authority of the Town of Homer as of June 30, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2006, on our consideration of the Housing Authority of the Town of Homer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The financial data schedule and the other supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Housing Authority of the Town of Homer. Such supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Little & Associates, LLC

Monroe, Louisiana
December 21, 2006

Management's Discussion and Analysis

Housing Authority of the Town of Homer, Louisiana

Management's Discussion and Analysis (MD&A)

June 30, 2006

(Unaudited)

We, the management of the Housing Authority of the Town of Homer (the "Housing Authority"), present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending June 30, 2006. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities by \$1,873,705 at the close of the fiscal year ended 2006. Of this amount, \$266,952 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 61 percent, or about seven months, of the total operating expenses for the fiscal year 2006. The remainder of \$1,606,753 represents restrictions equal to the net amount invested in land, building, furnishings, leasehold improvements, and equipment, and construction in progress of \$1,606,753.
- The Housing Authority's total net assets decreased by \$25,763.
- The Housing Authority continues to operate without the need to incur debt for operating purposes.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's basic financial statements are comprised of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The *balance sheet* presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

Management's Discussion and Analysis (MD&A)

June 30, 2006

(Unaudited)

The *statement of revenue, expenses and changes in net assets* presents information detailing how the Housing Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., earned but unused vacation leave.).

The *statement of cash flows* provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U. S. Department of Housing and Urban Development (HUD) and dwelling rentals.

HOUSING AUTHORITY'S SIGNIFICANT PROGRAMS

The Housing Authority has many programs that are consolidated into a single enterprise fund. The Housing Authority's significant programs consist of the following:

Low-Income Public Housing – Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income families. The Conventional Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an Operating Subsidy to enable the Housing Authority to provide housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program – The Conventional Public Housing Program also includes the Capital Fund Program, the primary funding source for the Housing Authority's physical and management improvements. The formula funding methodology is based on size and age of the Housing Authority's units.

FINANCIAL ANALYSIS

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Housing Authority has only one fund type, namely an enterprise fund which is a proprietary fund type. The Housing Authority maintains several funds. The general fund is used to account for the low rent, capital fund, and tenant assistance programs and blended component units. The fund financial statements can be found on pages 9 through 14 of this report.

Management's Discussion and Analysis (MD&A)

June 30, 2006

(Unaudited)

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 15 through 28 of this report.

Net Assets and Changes in Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Housing Authority, assets exceeded liabilities by \$1,873,130 at June 30, 2006. By far the largest portion of the Housing Authority's net assets (86%) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Housing Authority uses these capital assets to provide housing services to residents. Consequently, these restricted assets are not available for day-to-day operations. The unrestricted net assets of the Housing Authority are available for future use to provide program services. An analysis of net assets and changes in net assets is as follows:

Net Assets

| | 2006 | 2005 |
|---|--------------|--------------|
| Current assets | \$ 353,361 | \$ 435,141 |
| Restricted assets | 10,193 | 10,440 |
| Capital assets, net | 1,606,753 | 1,545,351 |
| Other noncurrent assets | - | - |
| Total assets | 1,970,307 | 1,990,932 |
| Current liabilities | 80,818 | 75,060 |
| Current liabilities payable for restricted assets | 10,193 | 10,440 |
| Long-term liabilities | 5,591 | 5,965 |
| Total liabilities | 96,602 | 91,465 |
| Net assets | | |
| Invested in capital assets, net of related debt | 1,606,753 | 1,545,351 |
| Unrestricted | 266,952 | 354,116 |
| Total net assets | \$ 1,873,705 | \$ 1,899,467 |

Management's Discussion and Analysis (MD&A)

June 30, 2006

(Unaudited)

Change in Net Assets

| | <u>2006</u> | <u>2005</u> |
|----------------------------------|---------------------|---------------------|
| Revenues: | | |
| Dwelling rental and other | \$ 155,212 | \$ 154,547 |
| Interest earnings | 10,130 | 6,397 |
| Federal grants | 183,714 | 303,047 |
| Capital contributions | 241,492 | 164,681 |
| Total revenues | <u>590,548</u> | <u>628,672</u> |
| Expenses: | | |
| Administration | 152,006 | 137,178 |
| Tenant services | 1,055 | 1,711 |
| Utilities | 39,390 | 30,329 |
| Ordinary maintenance and repairs | 200,222 | 144,453 |
| Protective services | - | 25,410 |
| General expenses | 42,548 | 71,514 |
| Depreciation and amortization | 181,089 | 179,757 |
| | <u>616,310</u> | <u>590,352</u> |
| Change in net assets | (25,762) | 38,320 |
| Beginning net assets | <u>1,899,467</u> | <u>1,861,147</u> |
| Ending net assets | <u>\$ 1,873,705</u> | <u>\$ 1,899,467</u> |

Total revenues decreased by \$38,124 due primarily to:

- Decrease in Federal grants.

Total expenses increased by \$25,958 due primarily to:

- Increase in ordinary maintenance and repairs.

Management's Discussion and Analysis (MD&A)

June 30, 2006

(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2006, the Housing Authority's investment in capital assets was \$ 1,606,753 (net of accumulated depreciation) as reflected in the following schedule. This amount represents a increase (including additions, deductions, and depreciation) of \$61,401.

| | 2006 | 2005 |
|-------------------------------|---------------------|---------------------|
| Land | \$ 41,564 | \$ 41,564 |
| Buildings and improvements | 3,582,680 | 3,285,711 |
| Furniture and equipment | 234,967 | 227,087 |
| Site improvements | 440,399 | 439,516 |
| Construction in progress | - | 63,241 |
| Totals | 4,299,610 | 4,057,119 |
| Less accumulated depreciation | (2,692,857) | (2,511,768) |
| | <u>\$ 1,606,753</u> | <u>\$ 1,545,351</u> |

Major capital asset purchases during the year ended June 30, 2006, included dwelling structure improvements and dwelling equipment.

Additional information on the Housing Authority's capital assets can be found in the notes to the financial statements.

Debt

The Housing Authority's debt consists of accrued annual leave. We present more detail about our debt in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The Budgets for 2006 - 2007 have already been approved by HUD and no major changes are expected.

Management's Discussion and Analysis (MD&A)

June 30, 2006

(Unaudited)

The budgets under the Capital Fund Program are multiple year budgets and have remained relatively stable. The Housing Authority has approved funding available for future spending under the Capital Fund Program.

Future Events That Will Financially Impact the Housing Authority

The Housing Authority does not anticipate any change in operations that would have a financial impact in the future.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the Town of Homer, 329 Oil Mill Street, Homer, LA 71040, or call (318) 927 -3579.

Basic Financial Statements

STATEMENT A

HOUSING AUTHORITY OF THE TOWN OF HOMER
BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2006

| | <u>GENERAL</u> |
|--|---------------------|
| ASSETS | |
| Current Assets: | |
| Cash and cash equivalents | \$ 218,901 |
| Investments | 45,712 |
| Receivables (net of allowances for uncollectible accounts) | 55,128 |
| Inventory | 14,784 |
| Interprogram due from | - |
| Prepaid expenses | <u>18,836</u> |
| Total Current Assets | <u>353,361</u> |
| Restricted Assets: | |
| Cash and cash equivalents | <u>10,193</u> |
| Total Restricted Assets | <u>10,193</u> |
| Noncurrent Assets: | |
| Capital assets: | |
| Land | 41,564 |
| Buildings and equipment (net of accumulated depreciation) | 1,565,189 |
| Construction/Development-in-progress | <u>-</u> |
| Total Non-Current Assets | <u>1,606,753</u> |
| TOTAL ASSETS | <u>\$ 1,970,307</u> |

(CONTINUED)

STATEMENT A

HOUSING AUTHORITY OF THE TOWN OF HOMER

BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2005

| | <u>GENERAL</u> |
|---|----------------------------|
| LIABILITIES | |
| Current Liabilities: | |
| Accounts payable | \$ 19,011 |
| Accrued wages and payroll taxes | 534 |
| Due to other governments | 57,342 |
| Deferred revenues | 627 |
| Interprogram - Due to | - |
| Accrued compensated absences - | |
| current portion | <u>3,304</u> |
| Total Current Liabilities | <u>80,818</u> |
| Current Liabilities Payable from | |
| restricted assets - tenant security deposits | <u>10,193</u> |
| Non Current Liabilities: | |
| Accrued compensated absences - | |
| net of current portion | <u>5,591</u> |
| Total Non-Current Liabilities | <u>5,591</u> |
| Total Liabilities | <u>96,602</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 1,606,753 |
| Unrestricted | <u>266,952</u> |
| Total Net Assets | <u>1,873,705</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,970,307</u> |

(CONCLUDED)

The accompanying notes are an integral part of this statement.

STATEMENT B

HOUSING AUTHORITY OF THE TOWN OF HOMER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

| | GENERAL |
|---|--------------|
| OPERATING REVENUES | |
| Dwelling rental | \$ 143,468 |
| Other | 11,744 |
| Total Operating Revenues | 155,212 |
| OPERATING EXPENSES | |
| Administration | 152,007 |
| Tenant services | 1,055 |
| Utilities | 39,390 |
| Ordinary maintenance and operations | 200,222 |
| Protective services | - |
| General expenses | 42,548 |
| Depreciation | 181,089 |
| Total Operating Expenses | 616,311 |
| OPERATING INCOME (LOSS) | (461,099) |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest earnings | 10,130 |
| Federal grants | 183,714 |
| Total Nonoperating Revenues (Expenses) | 193,844 |
| NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | (267,255) |
| Capital contributions | 241,492 |
| Transfers | - |
| CHANGE IN NET ASSETS | (25,763) |
| TOTAL NET ASSETS - BEGINNING | 1,899,468 |
| TOTAL NET ASSETS - ENDING | \$ 1,873,705 |

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE TOWN OF HOMER

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Cash Flows From Operating Activities

| | |
|------------------------|------------|
| Dwelling rent receipts | \$ 117,913 |
| Other receipts | 11,461 |
| Payments to suppliers | (240,545) |
| Payments to employees | (163,036) |

Net Cash Provided (Used) by Operating Activities (274,207)

Cash Flows From NonCapital Financing Activities

| | |
|---------------------------------|---------|
| Transfers from (to) other funds | - |
| Federal grants | 180,154 |

Net Cash Provided (Used) by Noncapital
Financing Activities 180,154

Cash Flows From Capital and Related Financing Activities

| | |
|-----------------------------|-----------|
| Purchases of capital assets | (242,491) |
| Contributed capital | 195,651 |

Net Cash Provided (Used) by Capital
and Related Financing Activities (46,840)

Cash Flows From Investing Activities

| | |
|------------------------------------|---------|
| (Increase) decrease in investments | (1,300) |
| Interest and dividends received | 10,066 |

Net Cash Provided (Used) by Investing Activities 8,766

Net Increase (Decrease) in Cash and Cash Equivalents (132,127)

Cash and Cash Equivalents, Beginning of Year 361,221

Cash and Cash Equivalents, End of Year \$ 229,094

(CONTINUED)

HOUSING AUTHORITY OF THE TOWN OF HOMER

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

| | <u>GENERAL</u> |
|---|----------------------------|
| Reconciliation of Operating Income to Net Cash Provided (Used) | |
| by Operating Activities | |
| Operating income (loss) | <u>\$ (461,099)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | |
| Depreciation expense | 181,089 |
| (Increase) decrease in accounts receivable, net | (8,708) |
| (Increase) decrease in inventories | 1,258 |
| (Increase) decrease in prepaid items | 3,563 |
| Increase (decrease) in accounts payable | 10,765 |
| Increase (decrease) in customer deposits | (246) |
| Increase (decrease) in compensated absences | (1,221) |
| Increase (decrease) in deferred revenues | 392 |
| Total Adjustments | <u>186,892</u> |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$ (274,207)</u></u> |

(CONCLUDED)

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Housing Authority of the Town of Homer, Louisiana (the "Housing Authority") was chartered as a public corporation for the purpose of providing safe and sanitary housing, as authorized by Louisiana Revised Statute 40:391. The Housing Authority is governed by a five-member board of commissioners, who are appointed by the Honorable Mayor of the Town of Homer, Louisiana (the "City"). The members of the board of commissioners serve staggered five-year terms without benefit of compensation.

The Housing Authority has the following units:

| | Number of Units |
|-------------------|--------------------|
| PHA Owned Housing | 100 |

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority of the Town of Homer, Louisiana is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As defined by GASB Statement No. 14, fiscally independent means that the Housing Authority may, without approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of the Town of Homer, Louisiana since the City appoints a voting majority of the Housing Authority's governing board. The City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Homer, Louisiana. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Homer, Louisiana.

B. BASIS OF PRESENTATION AND FUNDS

The accounts of the Housing Authority are organized and operated on a fund basis whereby a self-balancing set of accounts, which comprise the Housing Authority's assets, liabilities, net assets,

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2006

revenues, and expenses, is maintained. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. The general fund accounts for the transactions of the public housing low rent program and the capital funds program.

The Housing Authority's operating revenues include dwelling rentals, charges, and other revenues paid by the tenants of the Housing Authority's projects. Revenues that are not classified as operating revenues are presented as nonoperating revenues or capital contributions depending on the purpose of the revenue.

The accompanying basic financial statements of the Housing Authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments* (the "Statement"), which was unanimously approved in June 1999 by the Governmental Accounting Standards Board.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary funds are accounted for on the economic resources measurement focus and the accrued basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGET PRACTICES

The Housing Authority adopted budgets for all funds. Budgets for the Capital Funds Programs are multiple-year budgets.

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2006

HUD approves all budgets for all HUD-funded programs. Such budgets are controlled by fund at the function level. Budgetary amendments require approval of the board of commissioners and, in certain instances, HUD; however, the Executive Director is authorized to transfer amounts between line items within the low rent program provided such transfer does not change the total of any function. Monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budgetary integration is employed as a management control device during the year.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits (including interest-bearing), time deposits having an original maturity of ninety days or less, and cash with the fiscal agent. Under state law, the Housing authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Housing Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

F. INVESTMENTS

Financial instruments having original maturities exceeding ninety days are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents. Investments are reported at either fair value or amortized cost.

G. BAD DEBTS

Uncollectible amounts due from tenants are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate that the amount of the particular receivable is uncollectible.

H. INTERNAL BALANCES

During the course of operations, numerous transactions occur between individual funds and programs for services rendered or for reimbursement of costs paid by one fund or program on behalf of another fund or program. These receivables and payables are classified in internal balances on the

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2006

balance sheet. The internal balances are eliminated at the primary government level in the balance sheet.

I. INVENTORY

All inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year-end, the amount of inventory is recorded for external financial reporting purposes.

J. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

K. TENANTS' REFUNDABLE SECURITY DEPOSITS

The Housing Authority requires tenants to place a deposit before moving into a unit. These deposits are considered restricted and are held until the tenant moves out.

L. CAPITAL ASSETS

Capital assets of the Housing Authority are included on the balance sheet of the enterprise fund and are recorded at actual cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives as shown:

| | |
|-------------------------------------|-----------|
| Buildings | 33 years |
| Building and site improvements | 15 years |
| Furniture, fixtures, and appliances | 5-7 years |
| Office and maintenance equipment | 3-5 years |
| Vehicles | 5 years |

M. VACATION AND SICK LEAVE

Employees earn annual leave at the end of each bi-weekly payroll period. The amount of leave earned is based on the employee's length of service. The accumulated leave, if unused, may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by the employee's retirement or termination date.

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2006

N. RESTRICTED NET ASSETS

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

O. RISK MANAGEMENT

The Housing Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the Housing Authority maintains commercial insurance policies covering property, employee liability, and public official's liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2006.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Deposits are stated at cost, which approximates fair value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At June 30, 2006, the Housing Authority's carrying amount of deposits was \$274,806, which includes the following:

| | |
|--|--------------------------|
| Cash and cash equivalents - unrestricted | \$ 218,901 |
| Cash and cash equivalents - restricted | 10,193 |
| Investments in certificates of deposit | <u>45,712</u> |
| Total | <u><u>\$ 274,806</u></u> |

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2006

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2006, the Housing Authority's bank balances of \$287,442 were not exposed to custodial credit risk.

3. RESTRICTED ASSETS

Restricted assets at June 30, 2006, are as follows:

| | |
|---|-----------|
| Cash and cash equivalents - tenants' deposits | \$ 10,193 |
| | \$ 10,193 |

4. RECEIVABLES

The following is a summary of receivables, net of allowance for doubtful accounts, at June 30, 2006:

| | General |
|--------------------------------------|-----------|
| Tenants | \$ 5,669 |
| Interest Receivable & Other | 49,459 |
| Total | 55,128 |
| Less allowance for doubtful accounts | - |
| Total | \$ 55,128 |

5. FIXED ASSETS

The following presents the changes in fixed assets for the year ended June 30, 2006:

| | Balance at July 1, 2005 | Additions | Deletions | Balance at June 30, 2006 |
|----------------------------|----------------------------|------------|-------------|-----------------------------|
| Land | \$ 41,564 | \$ - | \$ - | \$ 41,564 |
| Buildings and improvements | 3,285,711 | 296,969 | - | 3,582,680 |
| Site improvements | 439,516 | 884 | - | 440,400 |
| Furniture and equipment | 227,087 | 7,879 | - | 234,966 |
| Construction in progress | 63,241 | - | (63,241) | - |
| Total | \$ 4,057,119 | \$ 305,732 | \$ (63,241) | \$ 4,299,610 |

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2006

| | | | |
|-------------------------------|--------------|------------------|--------------|
| Less accumulated depreciation | 2,511,768 | 181,089 | 2,692,857 |
| | <hr/> | <hr/> | <hr/> |
| Fixed assets, net | \$ 1,545,351 | 124,643 (63,241) | \$ 1,606,753 |
| | <hr/> | <hr/> | <hr/> |

6. COMPENSATED ABSENCES

At June 30, 2006, employees of the Housing Authority had accumulated and vested \$5,965 of employee leave benefits, computed in accordance with GASB Codification C60. These amounts are recorded as liabilities within the fund from which payment will be made.

The cost of leave privileges, computed in accordance with the previous codification, is recognized as a current year expenditure within the various funds when leave is actually taken or when employees are paid for accrued annual leave upon resignation or retirement, while the cost of leave privileges not requiring current resources is considered a long-term obligation.

7. LONG-TERM OBLIGATIONS

Long-term obligations consist of compensated absences in the amount of \$8,895. The following is a summary of long-term obligations for the year ended June 30, 2006:

| | |
|---|----------------|
| Balance at July 1, 2005 | \$ 10,116 |
| Additions | 4,150 |
| Retirements | (5,371) |
| Balance at June 30, 2006 | <hr/> 8,895 |
| Less current portion of long-term obligations | (3,304) |
| Long-term obligations | <hr/> \$ 5,591 |

8. LITIGATION AND CLAIMS

At June 30, 2006, the Housing Authority is not involved in any known pending or threatened litigation, nor is it aware of any unasserted claims.

9. COMMITMENTS AND CONTINGENCIES

The Housing Authority operates in accordance with the requirements of an Annual Contribution Contract. The Housing Authority's noncompliance with such contract may result in a reduction of funding from HUD.

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

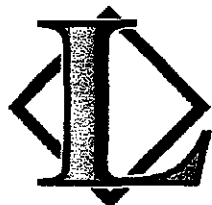
Notes to the Financial Statements
As of and for the Year Ended June 30, 2006

The Housing Authority has certain major construction projects in progress at June 30, 2006, that are funded by HUD. Funds are requested periodically as the costs are incurred.

The Housing Authority participates in a number of federal grant programs. The programs are subject to compliance audits. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**Independent Auditors' Report Required
by *Government Auditing Standards***

The following independent Auditors' report on compliance with laws and regulations and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

With TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Commissioners
Housing Authority of the Town of Homer
Homer, Louisiana

We have audited the financial statements of the Housing Authority of the Town of Homer as of and for the year ended June 30, 2006, and have issued our report thereon dated December 21, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the Town of Homer's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Housing Authority of the Town of Homer's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-01, 2006-02, and 2006-03.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all

reportable conditions that are considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Homer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2006-01, 2006-02, and 2006-03.

This report is intended solely for the information and use of the Housing Authority of the Town of Homer, its management, federal awarding agencies, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Little & Associates, L.L.C.

Monroe, Louisiana
December 21, 2006

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2006

A. SUMMARY OF AUDIT RESULTS

Financial Statement Audit

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Housing Authority of the Town of Homer, Louisiana.
2. There were three reportable conditions relating to the audit of the financial statements reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance With *Government Auditing Standards*. The reportable conditions are deemed to be material weaknesses.
3. There were three instances of noncompliance material to the financial statements of the Housing Authority of the Town of Homer, Louisiana disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2006-01 Capital Asset Records

Criteria and Condition: In accordance with Louisiana Revised Statute 24:515(B), the Housing Authority should maintain an up-to-date and accurate capital asset listing. The capital asset listing provided during the audit had not been updated for the current year's acquisitions. In addition, the listing contained serial numbers for equipment which could not be matched to the serial numbers on the equipment. Also, several assets could not be located on the capital asset listing.

Effect: Capital assets could be misappropriated and not be detected by management.

Cause: The Executive Director was not aware of the capital asset listing.

Recommendation: We recommend that the Housing Authority's management familiarize itself with the state laws regarding capital asset recordkeeping. We also recommend that the Housing Authority update its capital asset listing as capital assets are acquired and disposed. Additionally, we recommend that the Housing Authority perform an inventory of its capital assets and update its capital asset listing, accordingly.

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2006

Views of Management and Corrective Action:

The Board of Commissioners of the Housing Authority agrees with the auditors' finding and will comply with the auditors' recommendations. Management of the Housing Authority will familiarize itself with state laws regarding capital assets, will update its capital asset listing as capital assets are acquired and disposed, and will perform an inventory of its capital assets and update its capital asset listing, accordingly.

2006-02 Inadequate Internal Controls Over Expenditures

Criteria and Condition: Adequate internal controls over expenditures require that expenditures have a valid business purpose, that invoices be canceled to prevent duplicate payments, that employees sign a receipt when receiving materials, supplies, etc. from a vendor, and that services be provided prior to the payment for such services. Also, the Louisiana Constitution prohibits the donation or lending of an agency's assets to an individual, including employees of the agency. During the performance of the audit, the following internal control deficiencies and compliance issues were noted:

- The Housing Authority is not required to pay sales tax on materials, supplies, etc. However, it was noted that sales tax had been charged on several invoices and, subsequently, paid by the Housing Authority.
- Invoices are not canceled when paid to prevent duplicate payment of the invoice.
- Employees did not sign a receipt when receiving materials, supplies, etc. from vendors.
- In one instance, a vendor was paid before the services were rendered.
- Cell phones were utilized for personal use, and the Housing Authority was not reimbursed for the personal use of the phones. It also was noted that text messaging was utilized on the cell phones. The fee for text messaging is a per use fee, is not included in the cell phone service plan, and may be an unnecessary expense.
- Employees made long distance telephone calls utilizing the Housing Authority's land line telephone service and did not reimburse the Housing Authority for the calls.

Effect: Unallowable expenditures are being paid by the Housing Authority and have not been detected by management.

**HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana**

**Schedule of Findings and Responses
For the Year Ended June 30, 2006**

Cause: Lack of proper oversight of expenditures.

Recommendation: We recommend that management and all other employees of the Housing Authority review its internal control policies regarding the expenditure of funds. In addition, all Housing Authority personnel should be reminded that the Housing Authority is not required to pay sales tax on its purchases. Also, the Housing Authority should establish a policy for the personal use of the Housing Authority's cell phones and the placement of personal long-distance telephone calls utilizing the Housing Authority's land line telephone service. With respect to this policy, we further recommend that the personal use of the cell phones and use of the land line telephone for making personal long distance telephone calls be permissible only in certain situations, such as an emergency. The Housing Authority also should review its cell phone bills and long distance telephone charges for the past year, should determine the amount of personal phone use by employees of the Housing Authority, and should obtain reimbursement for the personal use.

Views of Management and Corrective Action:

The Board of Commissioners agrees with auditors' findings and will begin the process of implementing the auditors' recommendations. The Board and all of the Housing Authority's personnel will review the Housing Authority's internal control policies and procedures. Also, the Board will adopt a policy regarding the personal use of cell phones and utilization of the Housing Authority's land line telephone service for making personal long distance telephone calls. In addition, we will review the Housing Authority's cell phone bills and long distance charges for the past year, determine the amount of personal use by each employee, and obtain reimbursement from each employee for his/her personal use.

2006-03 Payroll Internal Control Deficiencies and Noncompliance

Criteria and Condition: As noted above, the Louisiana Constitution prohibits the donation or lending of an agency's assets to an employee of the agency. Also, federal regulations prohibit the payment for services prior to the services being rendered. In addition, adequate internal controls over payroll require that an employee's supervisor approve the employee's time sheets, and that the employee is not paid in advance of the payroll cutoff. Furthermore, the federal government has issued regulations which make a distinction between an employee and an independent contractor and which contain criteria for determining the appropriate status for individuals providing services to an agency. During our audit, we noted the following internal control and compliance issues regarding payroll expenditures:

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2006

- Time sheets are not being approved by an appropriate level of management.
- Time sheets for a payroll period are being completed and turned in to management prior to the cutoff date for the payroll period. Payroll checks are calculated based on these time sheets and are distributed prior to the end of the payroll period. As a result, employees are being paid for hours for which they have not worked. The payment of wages in advance of the hours being worked violates the Louisiana Constitution and federal regulations.
- An individual who is providing services for the Housing Authority as an independent contractor meets the federal government's classification criteria for employee status.

Effect: The Housing Authority could pay its employees for hours that the employees may not work.

Cause: Unknown

Recommendation: We recommend that the Housing Authority review its policies and procedures regarding payroll expenditures, particularly with respect to the approval of time sheets and the calculation and payment of payroll checks. In this regard, the Housing Authority should require that all time sheets be approved by an appropriate level of management. In addition, the Housing Authority should compute time sheets and pay employees after the payroll cutoff date. Furthermore, the Housing Authority should reclassify the independent contractor to full-time employee status. Also, the Housing Authority should amend its payroll returns for the period of time in which the individual was reported as an independent contractor but should have been classified as an employee.

Views of Management and Corrective Action:

The Board of Directors agrees with the auditors' findings and recommendations. The Housing Authority will review its payroll policies and procedures, will require supervisory approval of all time sheets, and will no longer calculate and issue payroll checks prior to the payroll cutoff date. Also, the individual currently providing services for the Housing Authority as an independent contractor will be reclassified to full-time employee status. Furthermore, the Housing Authority will amend its payroll returns for the period in which the individual was reported as an independent contractor but should have been classified as an employee.

**HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006**

In connection with our audit of the financial statement of the Housing Authority of the Town of Homer as of June 30, 2006, we also have reviewed the status of prior year findings. The following presents the status of those findings:

FINDINGS - FINANCIAL STATEMENTS AUDIT

ML 2005-01 Cost Reimbursement Under the Capital Fund Program

Finding: HUD funding under the Capital Fund Program were received prior to the costs being incurred and paid.

Status: Resolved.

Supplemental Information Schedules

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2006

The members of the Board of Commissioners serve a staggered five-year term with compensation. The Board consists of the following members at June 30, 2006:

| | |
|----------------|----------|
| James Ridley | \$480.00 |
| Willie Curry | \$480.00 |
| Terry Willis | \$480.00 |
| Rev. Ray Jiles | \$480.00 |
| Mary Sawyers | \$480.00 |

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2006

| Line Item # | Account Description | Low Rent Public Housing | Public Housing Capital Fund Programs | Totals |
|---------------------------------------|--|-------------------------|--------------------------------------|---------|
| ASSETS: | | | | |
| CURRENT ASSETS: | | | | |
| Cash: | | | | |
| 111 | Cash - unrestricted | \$ 218,901 | \$ - | 218,901 |
| 114 | Cash - tenant security deposits | 10,193 | - | 10,193 |
| 100 | Total Cash | 229,094 | - | 229,094 |
| Accounts and notes receivable: | | | | |
| 122 | Accounts receivable - HUD other projects | - | 45,841 | 45,841 |
| 124 | Accounts receivable - other government | - | - | - |
| 125 | Accounts receivable - miscellaneous | 2,402 | - | 2,402 |
| 126 | Accounts receivable - tenants - dwelling rents | 6,159 | - | 6,159 |
| 126.1 | Allowance for doubtful accounts - dwelling rents | - | - | - |
| 128 | Fraud recovery | - | - | - |
| 128.1 | Allowance for doubtful accounts - fraud | - | - | - |
| 129 | Accrued interest receivable | 726 | - | 726 |
| 120 | Total receivables, net of allowances for doubtful accounts | 9,287 | 45,841 | 55,128 |
| Current investments: | | | | |
| 131 | Investments - unrestricted | 45,712 | - | 45,712 |
| 132 | Investments - restricted | - | - | - |
| 142 | Prepaid expenses and other assets | 18,836 | - | 18,836 |
| 143 | Inventories | 14,784 | - | 14,784 |
| 144 | Inter-program - due from | 45,841 | - | 45,841 |
| 150 | TOTAL CURRENT ASSETS | 363,554 | 45,841 | 409,395 |

Schedule 4 (Continued)

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, LouisianaFinancial Data Schedule
For the Year Ended June 30, 2005

| Line Item # | Account Description | Low Rent Public Housing | Public Housing Capital Fund Programs | Totals |
|-------------------|---|-------------------------------|--|--------------|
| | NONCURRENT ASSETS: | | | |
| | Fixed assets: | | | |
| 161 | Land | 41,564 | - | 41,564 |
| 162 | Buildings | 3,353,705 | 294,120 | 3,647,825 |
| 163 | Furniture, equipment & machinery - dwellings | 55,127 | 2,111 | 57,238 |
| 164 | Furniture, equipment & machinery - administration | 106,586 | - | 106,586 |
| 165 | Leasehold improvements | 439,516 | - | 439,516 |
| 166 | Accumulated depreciation | (2,681,836) | (11,020) | (2,692,856) |
| 167 | Construction in progress | - | 6,880 | 6,880 |
| 160 | Total fixed assets, net of accumulated depreciation | 1,314,662 | 292,091 | 1,606,753 |
| | Other noncurrent assets: | | | |
| 171 | Notes, loans, & mortgages receivable - noncurrent | - | - | - |
| 180 | TOTAL NONCURRENT ASSETS | 1,314,662 | 292,091 | 1,606,753 |
| 190 | TOTAL ASSETS | \$ 1,678,216 | \$ 337,932 | \$ 2,016,148 |

Schedule 4 (Continued)

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, LouisianaFinancial Data Schedule
For the Year Ended June 30, 2005

| Line Item # | Account Description | Low Rent Public Housing | Public Housing Capital Fund Programs | Totals |
|------------------------------------|---|-------------------------|--------------------------------------|---------------------|
| LIABILITIES AND NET ASSETS: | | | | |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| 312 | Accounts payable <=90 days | \$ 19,011 | \$ - | 19,011 |
| 321 | Accrued wages/payroll taxes payable | 534 | - | 534 |
| 322 | Accrued compensated absences - current portion | 3,304 | - | 3,304 |
| 325 | Accrued interest payable | - | - | - |
| 331 | Accounts payable - HUD PHIA programs | - | - | - |
| 333 | Accounts payable - other government | 57,342 | - | 57,342 |
| 341 | Tenant security deposits | 10,193 | - | 10,193 |
| 342 | Deferred revenues | 627 | - | 627 |
| 343 | Current portion of long-term debt - capital projects/ mortgage revenue bonds | - | - | - |
| 345 | Other current liabilities | - | - | - |
| 347 | Inter-program due to | - | 45,841 | 45,841 |
| 310 | TOTAL CURRENT LIABILITIES | <u>91,011</u> | <u>45,841</u> | <u>136,852</u> |
| Noncurrent liabilities: | | | | |
| 351 | Long-term debt, net of current - capital projects/ mortgage revenue bonds | - | - | - |
| 354 | Accrued compensated absences - non-current | 5,591 | - | 5,591 |
| 350 | TOTAL NONCURRENT LIABILITIES | <u>5,591</u> | <u>-</u> | <u>5,591</u> |
| 300 | TOTAL LIABILITIES | <u>96,602</u> | <u>45,841</u> | <u>142,443</u> |
| NET ASSETS: | | | | |
| 508.1 | Invested in capital assets, net of related debt | 1,314,662 | 292,091 | 1,606,753 |
| 511.1 | Restricted net assets | - | - | - |
| 512.1 | Unrestricted net assets | 266,952 | - | 266,952 |
| 513 | TOTAL NET ASSETS | <u>1,581,614</u> | <u>292,091</u> | <u>1,873,705</u> |
| 600 | TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,678,216</u> | <u>\$ 337,932</u> | <u>\$ 2,016,148</u> |

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2005

| Line Item # | Account Description | Low Rent Public Housing | Public Housing Capital Fund Programs | Totals |
|------------------------|--|-------------------------------|--|----------------|
| REVENUE: | | | | |
| 703 | Net tenant rental revenue | \$ 143,468 | \$ - | \$ 143,468 |
| 704 | Tenant revenue - other | 4,588 | - | 4,588 |
| 705 | Total tenant revenue | 148,056 | - | 148,056 |
| 706 | HUD PHA operating grants | 169,764 | 14,234 | 183,998 |
| 706.1 | Capital grants | - | 241,491 | 241,491 |
| 708 | Other government grants | - | - | - |
| 711 | Investment income-unrestricted | 10,130 | - | 10,130 |
| 714 | Fraud recovery | - | - | - |
| 715 | Other revenue | 6,873 | - | 6,873 |
| 716 | Gain/loss on sale of fixed assets | - | - | - |
| 720 | Investment income - restricted | - | - | - |
| 700 | TOTAL REVENUE | 334,823 | 255,725 | 590,548 |
| EXPENSES: | | | | |
| Administrative | | | | |
| 911 | Administrative salaries | 62,291 | - | 62,291 |
| 912 | Auditing fees | 15,127 | - | 15,127 |
| 914 | Compensated absences | 4,987 | - | 4,987 |
| 915 | Employee benefit contributions - administrative | 21,766 | - | 21,766 |
| 916 | Other operating - administrative | 41,296 | 8,234 | 49,530 |
| | Subtotal | 145,467 | 8,234 | 153,701 |
| Tenant services | | | | |
| 921 | Tenant services - salaries | 876 | - | 876 |
| 922 | Relocation costs | - | - | - |
| 923 | Employee benefit contributions - tenant services | - | - | - |
| 924 | Tenant services - other | 179 | - | 179 |
| | Subtotal | 1,055 | - | 1,055 |
| Utilities | | | | |
| 931 | Water | 13,064 | - | 13,064 |
| 932 | Electricity | 13,353 | - | 13,353 |
| 933 | Gas | 1,365 | - | 1,365 |
| 938 | Other utilities expense | 11,608 | - | 11,608 |
| | Subtotal | 39,390 | - | 39,390 |

Schedule 4 (Continued)

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, LouisianaFinancial Data Schedule
For the Year Ended June 30, 2005

| Line Item # | Account Description | Low Rent Public Housing | Public Housing Capital Fund Programs | Totals |
|-------------------|---|-------------------------------|--|-------------|
| | Ordinary maintenance & operation | | | |
| 941 | Ordinary maintenance and operations - labor | 48,133 | - | 48,133 |
| 942 | Ordinary maintenance and operations - materials & other | 42,398 | - | 42,398 |
| 943 | Ordinary maintenance and operations - contract costs | 88,721 | - | 88,721 |
| 945 | Employee benefit contributions - ordinary maintenance | 19,275 | - | 19,275 |
| | Subtotal | 198,527 | - | 198,527 |
| | Protective services | | | |
| 952 | Protective services - other contract costs | - | - | - |
| | Subtotal | - | - | - |
| | General expenses | | | |
| 961 | Insurance premiums | 32,141 | - | 32,141 |
| 962 | Other general expenses | - | - | - |
| 963 | Payments in lieu of taxes | 10,408 | - | 10,408 |
| 964 | Bad debts - tenant rents | - | - | - |
| | Subtotal | 42,549 | - | 42,549 |
| 969 | TOTAL OPERATING EXPENSES | 426,988 | 8,234 | 435,222 |
| 970 | EXCESS OPERATING REVENUE OVER OPERATING EXPENSES | (92,165) | 247,491 | 155,326 |
| 972 | Casualty losses - non-capitalized | - | - | - |
| 973 | Housing assistance payments | - | - | - |
| 974 | Depreciation expense | 170,069 | 11,020 | 181,089 |
| 975 | Fraud losses | - | - | - |
| 900 | TOTAL EXPENSES | 597,057 | 19,254 | 616,311 |
| | OTHER FINANCING SOURCES (USES) | | | |
| 1001 | Operating transfers in | 6,000 | - | 6,000 |
| 1002 | Operating transfers out | - | (6,000) | (6,000) |
| 1008 | Special items, net gain/loss | - | - | - |
| 1010 | TOTAL OTHER FINANCING SOURCES (USES) | 6,000 | (6,000) | - |
| 1000 | EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES | \$ (256,234) | \$ 230,471 | \$ (25,763) |

Schedule 4 (Continued)

HOUSING AUTHORITY OF THE TOWN OF HOMER
Homer, LouisianaFinancial Data Schedule
For the Year Ended June 30, 2006

| Line Item # | Account Description | Low Rent Public Housing | Public Housing Capital Fund Programs | Totals |
|-------------------|---|-------------------------------|--|--------------|
| 1101 | Capital contributions | \$ - | \$ - | \$ - |
| 1103 | Beginning equity | \$ 1,611,445 | \$ 288,023 | \$ 1,899,468 |
| 1104 | Prior period adjustments, equity transfers, and correction of errors | \$ 226,403 | \$ (226,403) | \$ - |
| 1114 | Maximum Annual Contributions Commitment (Per Acc) | \$ - | \$ - | \$ - |
| 1115 | Contingency reserve, ACC program reserve | \$ - | \$ - | \$ - |
| 1116 | Total annual contributions available | \$ - | \$ - | \$ - |
| 1120 | Unit months available | 1,158 | - | 1,158 |
| 1121 | Number of unit months leased | 1,129 | - | 1,129 |